

# ARIZONA ALTERNATIVE FUEL VEHICLE INCENTIVES AND LAWS

## Overview

Arizona has several forms of rebates and incentives available for the purchase and use of alternative fuel vehicles (AFVs) including an income tax reduction, vehicle license tax reductions, and fuel tax reductions. Two electric utilities in Arizona are providing rebates to their customers for the purchase of electric buses.

## Highlights

- \$ Up to \$5,000 state income tax deduction for 25% of the purchase cost of AFVs
- \$ Up to \$3,000 state income tax deduction for 25% of the conversion costs for a vehicle
- \$ Up to \$1,000 individual or business tax credit for each AFV purchased or converted
- \$ \$15,000 toward the purchase of an electric bus from Arizona Public Service and the Salt River Project - limit of 3 per company

## State Incentives

- \$ House Bill (HB) 2095 allows individuals to subtract from gross income, 25% of the purchase or conversion cost of AFVs up to \$5,000 for the purchase of a new vehicle, and up to \$3,000 for the conversion of a vehicle. The subtraction must be taken in thirds over a 3-year period. For more information, contact Amanda Ormond at the Arizona Energy Office of the Department of Commerce at (602) 280-1410.
- \$ HB 2575 allows an individual or business to take a credit from income tax for each AFV converted or purchased. The credit may be carried forward for 5 years. The credit allowed is \$1,000 in 1994-1996, \$500 in 1997, and \$250 in 1998. For more information, contact Amanda Ormond at the Arizona Energy Office of the Department of Commerce at (602) 280-1410.

## Utility/Private Incentives

- \$ Arizona Public Service and Salt River Project are offering \$15,000 toward the purchase of electric buses, up to 3 per company. For additional information, contact David Bentler at (602) 250-3613 or Kevin Morrow at (602) 236-5638

## Laws & Regulations

HB 2575 allows individuals to apply to the Department of Commerce for a grant of up to \$1,000 for the purchase and installation of alternative fuel systems that are to be installed on the individual's property. However, no funds have been appropriated yet for these grants.

HB 2575 also provides grants of up to \$100,000 to private sector entities to build alternative fuel stations that are accessible to the public.

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## ***Laws & Regulations (cont.)***

HB 2575 also allows school districts to use savings that result from the use of alternative fuels to purchase or convert vehicles to alternative fuels or pay for fueling facilities.

Senate Bill (SB) 2001 allocates \$2.9 million to be distributed to school districts to pay for the conversion of buses and vehicles to alternative fuels or to pay for the incremental cost of an AFV over a gasoline or diesel vehicle.

HB 2095 also allows individuals to subtract up to \$5,000 from gross income, the costs of refueling equipment installed on the taxpayer's property. The subtraction must be taken in thirds over a 3-year period.

HB 2433 reduces the annual vehicle license tax on an AFV from 60% of the assessed value to 1%. The vehicle is taxed \$4 for every \$100 in assessed value. There is a minimum assessment of \$5.

HB 2206 reduces the excise tax on natural gas, used as a motor fuel, to 1¢ per equivalent gallon. This is a reduction of 17.5¢ per equivalent gallon (1994). Once the amount of tax not generated reaches \$250,000, an increased tax schedule is phased in. For the first year exceeding \$250,000, the tax will be 5¢; second year - 10¢; third year - 15¢; and fourth year - 17¢.

## ***Points of Contact***

### **Arizona Energy Office of the Dept. of Commerce**

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### **Arizona Public Service**

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### **Salt River Project**

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### **Metropolitan Planning Organizations**

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#### **Pima Association of Governments**

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### **Arizona State Transportation Contact**

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### **Arizona State Energy Office**

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